



Commonwealth of Kentucky  
Governor Ernie Fletcher's Communications Office

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**KENTUCKY, CMS LAUNCH GOVERNOR'S  
MEDICAID TRANSFORMATION INITIATIVE**

*KyHealth Choices program will improve health, stabilize finances*

FRANKFORT, Ky. – Governor Ernie Fletcher and federal Center for Medicaid and State Operations Director Dennis Smith announced today that Kentucky has been federally approved to become the first state to implement comprehensive Medicaid reform through the Deficit Reduction Act passed by the 2005 Congress.

“We have worked in partnership with the federal government to achieve the unprecedented flexibility needed to transform our Medicaid program,” said Governor Fletcher. “KyHealth Choices will help ensure that Medicaid will be available to provide health care for current and future generations of vulnerable Kentuckians. We are the leading the way for the national transformation of Medicaid as the first state to put a program such as this in place under the new Deficit Reduction Act.”

Implementation of KyHealth Choices will begin May 15.

“The Commonwealth of Kentucky is the first state in the nation to offer a comprehensive reform package under the Medicaid state plan. Under this reform plan, low-income, disabled and elderly beneficiaries in Kentucky will have access to benefits designed to meet their specific health care needs,” said Dennis Smith, director of the federal Centers for Medicaid and State Operations. “Offering benefits tailored for the groups who need them is good for the thousands of Kentucky residents who depend upon it and will help assure the program will be in place for future generations as well.”

Among the components of the KyHealth Choices program are:

- Global Choices benefit package serving the general Medicaid population

- Comprehensive Choices benefit package serving elderly individuals in need of nursing facility level of care and those with acquired brain injuries
- Family Choices benefit package serving children
- Optimum Choices serving individuals with mental retardation and developmental disabilities in need of long term care
- Disease management programs
- Get Healthy benefits
- Opt-In Employer Sponsored Insurance

Kentucky will continue to work with CMS for approval of remaining elements of KyHealth Choices, including a waiver for the full Optimum Choices package under an 1115 waiver.

President Bush signed the Deficit Reduction Act in February. The act grants states such options as creating benefit packages tailored to different populations, improving access to mainstream health insurance and expanding ways to provide long term care.

The act will allow the state to create KyHealth Choices through a State Plan Amendment (SPA) that reduces the financial risk the state would have with an 1115 because there is no requirement for “budget neutrality.” It is also easier to modify a State Plan Amendment if needed, in contrast to the lengthy process for changing a waiver, and no expiration date is involved.

KyHealth Choices represents the cornerstone achievement of the Governor’s Medicaid Reform Initiative, which has already improved Medicaid’s benefit management, care management and technology infrastructure. KyHealth Choices will build on these new capacities.

“The KyHealth Choices program will focus not only on stretching resources, but also on improving the health status of the 700,000 Kentuckians covered by Medicaid,” said Health and Family Services Cabinet Secretary Mark D. Birdwhistell. “The fact is that the Deficit Reduction Act shows that our elected representatives and the federal government have listened and recognized the needs of state Medicaid programs. Our partnership in working on this program has been unmatched in my time in state government.”

CHFS and the Department for Medicaid Services (DMS) partnered closely with the federal government to ensure approval of the concepts prepared with the input of consumers, family members, advocacy organizations and health care providers. KyHealth Choices primary goals remain to stretch resources to most appropriately meet the needs of members and encourage personal responsibility for health care. KyHealth Choices’ mission is to: improve the health status of Kentuckians enrolled in the Medicaid program; provide a continuum of care options; expand individual choice and engagement; and ensure the future solvency of the Medicaid program.

KyHealth Choices will provide health care coverage for Medicaid members throughout

the state, except those currently being served by Passport served under an existing waiver. Current waivers for acquired brain injury, supports for community living and home and community based services will be included in KyHealth Choices.

The plan can be viewed at the Medicaid home page under the announcements heading:  
<http://www.chfs.ky.gov/dms>

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